

LINCOLN CHARTER TOWNSHIP

BERRIEN COUNTY, MICHIGAN

FINANCIAL STATEMENTS

Year ended March 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* LINCOLN CHARTER TOWNSHIP	County* BERRIEN	Type* TOWNSHIP	MuniCode* 11-1-120
Opinion Date-Use Calendar* Jul 10, 2008	Audit Submitted-Use Calendar* Sep 17, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue: ?	\$ 1,906,278.00
General Fund Expenditure: ?	\$ 1,709,613.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance: ?	\$ 1,315,864.00
Governmental Activities Long-Term Debt (see instructions): ?	\$ 2,628,205.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* JAMES	Last Name* SCARPONE	Ten Digit License Number* 1101019273		
CPA Street Address* 20 N. SECOND ST.	City* NILES	State* MI	Zip Code* 49120	Telephone* +1 (269) 684-5100
CPA Firm Name* SCARPONE & CO., P.C.	Unit's Street Address* 2055 W. JOHN BEERS RD.	Unit's City* STEVENSVILLE	Unit's Zip* 49127	

LINCOLN CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

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LINCOLN CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

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Year ended March 31, 2008

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LINCOLN CHARTER TOWNSHIP

BERRIEN COUNTY, MICHIGAN

TOWNSHIP BOARD AND OFFICIALS

Richard Stauffer - Supervisor

Sharon Geisler - Clerk

Terrie Smith - Treasurer

Brian Jewell - Trustee

Al Pscholka - Trustee

Marc Florian - Trustee

Deborah Peterson - Trustee



July 10, 2008

Members of the Township Board
Lincoln Charter Township
Berrien County, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln Charter Township as of and for the year ended March 31, 2008, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of Lincoln Charter Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln Charter Township as of March 31, 2008, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining funds financial statements and individual fund schedules listed as other financial information in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Lincoln Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated July 10, 2008 on our consideration of Lincoln Charter Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of testing of internal controls over financial reporting and compliance and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4-9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Lincoln Charter Township's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Scarpone & Co., P.C.

LINCOLN CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2008

Lincoln Charter Township's Management's Discussion and Analysis is intended to assist the reader in focusing on significant Township financial issues, provide an overview of the financial activities of the Township for the year ended March 31, 2008, and changes in its financial position, identify any material deviations from the approved budget, and identify individual fund issues or concerns. Since Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and known facts, readers are encouraged to consider the information presented in conjunction with the Township's basic financial statements, which will follow this section.

Management's Discussion and Analysis is an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of government-wide financial statements and fund financial statements. The accompanying report also contains notes to the basic financial statements and supplementary information in addition to the basic financial statements which further explains and supports the information presented in these statements.

Government-Wide Financial Statements:

The Government-Wide financial statements are full accrual basis statements. They report all of the Township's assets and liabilities, both short term and long term, regardless if they are "currently available" or not. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole, and therefore, present a longer-term view of the Township's financial status.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lincoln Charter Township, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are reported as expenditures. Future year's debt obligations are not recorded.

LINCOLN CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED

March 31, 2008

SUMMARIZED FINANCIAL HIGHLIGHTS

- * Lincoln Charter Township's net assets increased by \$0.3 million, from \$31.1 million of total net assets at March 31, 2007 to a current \$31.4 million of total net assets at March 31, 2008. The \$0.3 million increase was due strictly from the Township's overall results of operations during the fiscal year, with governmental activities and business-type activities accounting for \$0.4 million and \$(0.1) million of the increase, respectively.**
- * During the year, total expenses from the government-wide financial statements were \$6.0 million, of which \$3.6 million were for governmental activities and \$2.4 million were for business-type activities. In the prior fiscal year, total expenses were \$5.4 million, of which \$3.4 million were for governmental activities and \$2.0 million were for business-type activities.**
- * During the year, total revenues from the government-wide financial statements were \$6.2 million, of which \$4.0 million were from governmental activities and \$2.2 million were from business-type activities. In the prior fiscal year, total revenues were \$6.0 million, of which \$3.8 million were from governmental activities and \$2.2 million were from business-type activities.**

LINCOLN CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED

March 31, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following table shows that in the case of Lincoln Charter Township, assets exceed liabilities by \$31.1 million at March 31, 2008. Comparative data for the years ended March 31, 2008 and 2007, respectively, are as follows:

	March 31,	
	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets	\$ 16,046,134	\$ 14,856,387
Capital assets	45,671,747	45,423,166
Less, accumulated depreciation	<u>(27,509,367)</u>	<u>(26,238,477)</u>
	18,162,380	19,184,689
TOTAL ASSETS	<u>34,208,514</u>	<u>34,041,076</u>
LIABILITIES		
Current liabilities	501,419	467,754
Long-term liabilities	<u>2,259,670</u>	<u>2,438,205</u>
TOTAL LIABILITIES	<u>2,761,089</u>	<u>2,905,959</u>
NET ASSETS		
Investment in capital assets, net of related debt	15,534,175	16,403,998
Reserved	2,729,238	2,496,944
Unreserved	<u>13,184,012</u>	<u>12,234,175</u>
TOTAL NET ASSETS	<u>\$ 31,447,425</u>	<u>\$ 31,135,117</u>

At March 31, 2008, the largest portion of Lincoln Charter Township's total net assets, \$15.5 million or 49% of the Township's net assets, reflects its investment in capital assets (e.g., land, land improvements, buildings, building improvements, vehicles, equipment, sewer lines and water mains), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lincoln Charter Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$2.7 million or 9%, of the Township's net assets represents resources that are subject to external restrictions on how they must be used. The remaining 42%, or \$13.1 million, represents net assets that may be used to meet the government's ongoing obligations to citizens and creditors. Of these unreserved net assets, \$1.3 million are related to governmental activities and \$11.8 million to business activities.

LINCOLN CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED

March 31, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONCLUDED

For the years ended March 31, 2008 and 2007, respectively, the Government-Wide results of operations were as follows:

	Year Ended March 31,	
	<u>2008</u>	<u>2007</u>
REVENUES		
General revenues:		
Property taxes	\$ 2,002,559	\$ 1,918,021
State of Michigan aid, unrestricted	916,673	902,279
Other general revenues	<u>1,279,387</u>	<u>1,179,004</u>
	4,198,619	3,999,304
Operating grants:		
State of Michigan	3,123	10,115
Charges for services:		
General government	289,067	303,021
Public safety	9,354	7,834
Highways and streets	41,889	39,037
Sanitation and health	48,800	42,775
Recreation	2610	900
Water and Sewer	<u>1,590,800</u>	<u>1,602,552</u>
Total revenues	<u>6,184,262</u>	<u>6,005,538</u>
EXPENSES		
General government	1,197,052	1,194,273
Public safety	1,254,320	1,260,374
Highways and streets	150,379	110,271
Sanitation and health	135,650	147,117
Recreation	73,929	125,319
Water and Sewer	2,401,202	2,001,216
Capital outlay (under capitalization threshold)	263,664	64,071
Interest on long-term debt	110,966	123,687
Depreciation	<u>363,892</u>	<u>344,515</u>
Total expenses	<u>5,951,054</u>	<u>5,370,843</u>
Contributed capital	<u>79,100</u>	<u>-</u>
Change in net assets	312,308	634,695
NET ASSETS, BEGINNING OF YEAR	<u>31,135,117</u>	<u>30,500,422</u>
NET ASSETS, END OF YEAR	<u>\$ 31,447,425</u>	<u>\$ 31,135,117</u>

LINCOLN CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED

March 31, 2008

CAPITAL ASSETS AND DEBT ADMINISTRATION

C. Net Investment in Capital Assets:

Lincoln Charter Township's investment in capital assets for its governmental and business-type activities as of March 31, 2008 was \$18,162,380 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements, vehicles, equipment, sewer lines and water mains. Net capital assets as of March 31, 2008 is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 783,458	\$ -	\$ 783,458
Land improvements	1,416,006	-	1,416,006
Buildings	2,696,969	-	2,696,969
Building improvements	118,190	-	118,190
Vehicles	1,523,238	-	1,523,238
Equipment	731,257	446,276	1,177,533
Sewer lines	-	28,516,563	28,516,563
Water mains	-	9,439,790	9,439,790
	<u>7,269,118</u>	<u>38,402,629</u>	<u>45,671,747</u>
Accumulated depreciation	<u>(3,202,860)</u>	<u>(24,306,507)</u>	<u>(27,509,367)</u>
Total	<u>\$ 4,066,258</u>	<u>\$ 14,096,122</u>	<u>\$ 18,162,380</u>

Debt Administration:

The Township made principal payments on bonded, long-term debt obligations and installment contracts that reduced the amount of the Township's long-term liabilities as follows:

	<u>Principal Balance March 31, 2007</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Principal Balance March 31, 2008</u>
1997 Fire Station Bonds	\$ 700,000	\$ -	\$ 100,000	\$ 600,000
1999 Library Bonds	1,925,000	-	175,000	1,750,000
Municipal Contract - Land	60,000	-	30,000	30,000
Municipal Contract - Fire Truck	95,691	-	37,486	58,205
Municipal Contract - KME Truck	<u>-</u>	<u>190,000</u>	<u>-</u>	<u>190,000</u>
	<u>\$ 2,780,691</u>	<u>\$ 190,000</u>	<u>\$ 342,486</u>	<u>\$ 2,628,205</u>

LINCOLN CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS-CONCLUDED

March 31, 2008

GENERAL FUND BUDGET AND ACTUAL REVENUES & EXPENDITURES:

General Fund Expenditures Budget vs. Actual 5-Year history:

<u>Fiscal Year</u>	<u>Expenditures Final Budget</u>	<u>Expenditures Final - Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Variance Actual & Final Budget</u>
2007-2008	\$ 1,455,940	\$ 1,357,688	\$ 98,252	6.75%
2006-2007	1,344,790	1,234,367	110,423	8.20%
2005-2006	1,242,851	1,185,249	57,602	4.63%
2004-2005	1,206,185	1,097,872	108,313	8.90%
2003-2004	1,142,845	1,053,466	89,379	7.80%
	<u>\$ 6,392,611</u>	<u>\$ 5,928,642</u>	<u>\$ 463,969</u>	

General Fund Revenue Budget vs. Actual 5-Year history:

<u>Fiscal Year</u>	<u>Revenues Final Budget</u>	<u>Revenues Final - Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Variance Actual & Original Budget</u>
2007-2008	\$ 1,828,260	\$ 1,899,270	\$ 71,010	3.89%
2006-2007	1,716,235	1,794,292	78,057	4.55%
2005-2006	1,693,901	1,814,556	120,655	7.12%
2004-2005	1,585,600	1,655,710	70,110	4.42%
2003-2004	1,664,230	1,635,786	(28,444)	(-1.70%)
	<u>\$ 8,488,226</u>	<u>\$ 8,799,614</u>	<u>\$ 311,388</u>	

Contacting the Township's Financial Management

This financial report is intended to provide our citizens and taxpayers with a general overview of the Township's finances. If you have any questions about this report or need additional information, please contact the Lincoln Charter Township for assistance.

LINCOLN CHARTER TOWNSHIP

STATEMENT OF NET ASSETS

March 31, 2008

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets:			
Cash and cash equivalents	\$ 3,952,853	\$ 11,829,867	\$ 15,782,720
Taxes receivable	124,430	173	124,603
Accounts receivable	94,225	162	94,387
Accrued interest receivable	-	622	622
Special assessments receivable	-	41,702	41,702
Due from other governments	1,969	-	1,969
Other current assets	131	-	131
Total current assets	<u>4,173,608</u>	<u>11,872,526</u>	<u>16,046,134</u>
Noncurrent Assets:			
Capital assets	7,269,118	38,402,629	45,671,747
Less, accumulated depreciation	<u>(3,202,860)</u>	<u>(24,306,507)</u>	<u>(27,509,367)</u>
	4,066,258	14,096,122	18,162,380
 TOTAL ASSETS	 <u>\$ 8,239,866</u>	 <u>\$ 25,968,648</u>	 <u>\$ 34,208,514</u>
 <u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 47,831	\$ 4,378	\$ 52,209
Deposits	7,790	-	7,790
Bonds payable	368,535	-	368,535
Interest payable	45,525	-	45,525
Deferred revenue	27,360	-	27,360
Total current liabilities	<u>497,041</u>	<u>4,378</u>	<u>501,419</u>
Noncurrent Liabilities:			
Bonds payable	<u>2,259,670</u>	<u>-</u>	<u>2,259,670</u>
 TOTAL LIABILITIES	 <u>2,756,711</u>	 <u>4,378</u>	 <u>2,761,089</u>
 <u>NET ASSETS</u>			
Investment in capital assets, net of related debt	1,438,053	14,096,122	15,534,175
Reserved for debt service	556,571	-	556,571
Reserved for capital projects	586,255	-	586,255
Reserved for special revenue	1,586,412	-	1,586,412
Unreserved	<u>1,315,864</u>	<u>11,868,148</u>	<u>13,184,012</u>
 TOTAL NET ASSETS	 <u>5,483,155</u>	 <u>25,964,270</u>	 <u>31,447,425</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 8,239,866</u>	 <u>\$ 25,968,648</u>	 <u>\$ 34,208,514</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES

Year ended March 31, 2008

	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>		
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Donations, Grants and Assessments</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental Activities:						
General government	\$ 1,197,052	\$ 289,067	\$ -	\$ (907,985)	\$ -	\$ (907,985)
Public safety	1,254,320	9,354	37,441	(1,207,525)	-	(1,207,525)
Highways and streets	150,379	41,889	-	(108,490)	-	(108,490)
Sanitation and health	135,650	48,800	-	(86,850)	-	(86,850)
Recreation	73,929	2,610	14,097	(57,222)	-	(57,222)
Capital outlay (under threshold)	263,664	-	-	(263,664)	-	(263,664)
Interest on long-term debt	110,966	-	-	(110,966)	-	(110,966)
Depreciation	363,892	-	-	(363,892)	-	(363,892)
Total Governmental Activities	\$ 3,549,852	\$ 391,720	\$ 51,538	\$ (3,106,594)	-	(3,106,594)
Business-Type Activities:						
Water and Sewer	2,401,202	1,590,800	-	-	(810,402)	(810,402)
Total Primary Government	5,951,054	1,982,520	51,538	(3,106,594)	(810,402)	(3,916,996)
General Revenues:						
Property taxes levied for general purposes				452,710	-	452,710
Property taxes levied for debt service				409,838	-	409,838
Property taxes levied for police services				1,140,011	-	1,140,011
Administration fees and delinquent taxes				178,034	-	178,034
Other taxes				27,763	-	27,763
State of Michigan aid, unrestricted				916,673	-	916,673
Interest and investment earnings				178,341	587,594	765,935
Cable franchise				128,902	-	128,902
Other revenues				89,942	40,396	130,338
Total General Revenues				3,522,214	627,990	4,150,204
Contributed Capital				-	79,100	79,100
Change in Net Assets				415,620	(103,312)	312,308
NET ASSETS, BEGINNING OF YEAR				5,067,535	26,067,582	31,135,117
NET ASSETS, END OF YEAR				\$ 5,483,155	\$ 25,964,270	\$ 31,447,425

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

**BALANCE SHEET
GOVERNMENTAL FUNDS**

March 31, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,231,784	\$ 2,721,069	\$ 3,952,853
Taxes receivable	28,481	95,949	124,430
Accounts receivable	93,573	652	94,225
Intergovernmental receivable	1,969	-	1,969
Due from other funds	131	27,874	28,005
TOTAL ASSETS	\$ 1,355,938	\$ 2,845,544	\$ 4,201,482
 <u>LIABILITIES</u>			
Accounts payable	\$ 32,284	\$ 15,547	\$ 47,831
Deposits	7,790	-	7,790
Due to other funds	-	27,874	27,874
Deferred revenue	-	27,360	27,360
TOTAL LIABILITIES	40,074	70,781	110,855
 <u>FUND BALANCES</u>			
Reserved for special revenue	-	1,586,412	1,586,412
Reserved for debt service	-	602,096	602,096
Reserved for capital projects	-	586,255	586,255
Unreserved:			
General Fund	1,315,864	-	1,315,864
TOTAL FUND BALANCES	1,315,864	2,774,763	4,090,627
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,355,938	\$ 2,845,544	\$ 4,201,482

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

March 31, 2008

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS	\$ 4,090,627
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**Amounts reported for governmental activities on the statement
of net assets are different as follows:**

**Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the governmental funds:**

Cost of capital assets	\$7,269,118	
Less, accumulated depreciation	<u>(3,202,860)</u>	4,066,258

**Long term liabilities are not due and payable in the current
period and are therefore not reported in the governmental funds:**

Bonds payable	(2,628,205)
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Accrued interest payable is not recorded as a liability in the governmental funds.	<u>(45,525)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>5,483,155</u>
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See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year ended March 31, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Property taxes	\$ 452,710	\$ 1,549,849	\$ 2,002,559
Administration fees	178,034	-	178,034
Other taxes	27,763	-	27,763
Licenses and permits	3,256	260,348	263,604
State sources	916,673	3,123	919,796
Cable franchise	128,902	-	128,902
Assessments	-	5,762	5,762
Interest	103,591	74,750	178,341
Charges for services	8,542	91,224	99,766
Lot sales	-	28,350	28,350
Donations	-	8,335	8,335
Grant proceeds	34,318	-	34,318
Miscellaneous	45,481	48,162	93,643
TOTAL REVENUES	<u>1,899,270</u>	<u>2,069,903</u>	<u>3,969,173</u>
EXPENDITURES:			
General government	910,888	309,676	1,220,564
Public safety	254,536	1,120,983	1,375,519
Highways and streets	112,040	38,339	150,379
Sanitation and health	80,224	66,168	146,392
Recreation	-	120,014	120,014
Capital projects	-	335,201	335,201
Debt service	-	386,825	386,825
TOTAL EXPENDITURES	<u>1,357,688</u>	<u>2,377,206</u>	<u>3,734,894</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>541,582</u>	<u>(307,303)</u>	<u>234,279</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from borrowings	-	190,000	190,000
Operating transfers in	6,608	351,295	357,903
Operating transfers out	(351,295)	(6,608)	(357,903)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(344,687)</u>	<u>534,687</u>	<u>190,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>196,895</u>	<u>227,384</u>	<u>424,279</u>
FUND BALANCES, BEGINNING OF YEAR	<u>1,118,969</u>	<u>2,547,379</u>	<u>3,666,348</u>
FUND BALANCES, END OF YEAR	\$ <u>1,315,864</u>	\$ <u>2,774,763</u>	\$ <u>4,090,627</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year ended March 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	424,279
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Amounts reported for governmental activities on the statement of activities are different as follows:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year:

Depreciation	\$	(363,892)	
Capital outlay-over threshold		201,538	
Carrying value of assets disposed		<u>(3,701)</u>	(166,055)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	342,486
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Proceeds from borrowing provide current financial resources to governmental funds in the period received, but borrowing funds increases long-term liabilities in the statement of net assets.	(190,000)
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Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.	<u>4,910</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>415,620</u>
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See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

March 31, 2008

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,380,292	\$ 7,449,575	\$ 11,829,867
Taxes receivable	173	-	173
Accounts receivable	-	162	162
Special assessments receivable	-	41,702	41,702
Accrued interest receivable	-	622	622
	<u>4,380,465</u>	<u>7,492,061</u>	<u>11,872,526</u>
Fixed assets:			
Sewer lines	28,516,563	-	28,516,563
Water mains	-	9,439,790	9,439,790
Equipment	<u>423,639</u>	<u>22,637</u>	<u>446,276</u>
	<u>28,940,202</u>	<u>9,462,427</u>	<u>38,402,629</u>
Less, accumulated depreciation	<u>(19,093,160)</u>	<u>(5,213,347)</u>	<u>(24,306,507)</u>
	<u>9,847,042</u>	<u>4,249,080</u>	<u>14,096,122</u>
TOTAL ASSETS	\$ <u>14,227,507</u>	\$ <u>11,741,141</u>	\$ <u>25,968,648</u>
<u>LIABILITIES AND NET ASSETS</u>			
LIABILITIES:			
Accounts payable	\$ <u>2,406</u>	\$ <u>1,972</u>	\$ <u>4,378</u>
NET ASSETS:			
Investment in Capital Assets-			
Net of Related Debt	9,847,042	4,249,080	14,096,122
Unrestricted	<u>4,378,059</u>	<u>7,490,089</u>	<u>11,868,148</u>
TOTAL NET ASSETS	<u>14,225,101</u>	<u>11,739,169</u>	<u>25,964,270</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>14,227,507</u>	\$ <u>11,741,141</u>	\$ <u>25,968,648</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

PROPRIETARY FUNDS

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL**

Year ended March 31, 2008

	<u>Sewer Fund</u>		<u>Water Fund</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES:				
Charges for service	\$ 951,500	\$ 1,129,916	\$ 521,900	\$ 460,884
Interest	72,000	213,010	112,000	374,584
Benefit fees	-	8,000	-	7,396
Miscellaneous	-	-	25,000	25,000
TOTAL REVENUES	<u>1,023,500</u>	<u>1,350,926</u>	<u>658,900</u>	<u>867,864</u>
EXPENSES:				
Cost of service	784,720	761,293	292,440	332,569
Contracted services	10,905	68,630	20,405	9,113
Professional fees	20,200	13,141	15,200	18,931
Depreciation	800,000	709,737	270,000	239,139
Salaries and wages	87,320	85,253	25,105	25,068
Payroll taxes and employee benefits	37,950	33,527	3,165	3,181
Repairs and maintenance	53,495	47,717	24,135	100
Utilities	17,355	17,286	1,420	918
Insurance	15,000	12,735	7,000	6,367
Office supplies and postage	12,415	8,006	1,105	1,263
Miscellaneous	20,590	7,131	25	97
TOTAL EXPENSES	<u>1,859,950</u>	<u>1,764,456</u>	<u>660,000</u>	<u>636,746</u>
NET INCOME (LOSS)	(836,450)	(413,530)	(1,100)	231,118
Contributed capital	-	48,800	-	30,300
CHANGE IN NET ASSETS	(836,450)	(364,730)	(1,100)	261,418
NET ASSETS, BEGINNING OF YEAR	<u>14,589,831</u>	<u>14,589,831</u>	<u>11,477,751</u>	<u>11,477,751</u>
NET ASSETS, END OF YEAR	\$ <u>13,753,381</u>	\$ <u>14,225,101</u>	\$ <u>11,476,651</u>	\$ <u>11,739,169</u>

See accompanying notes to basic financial statements.

<u>Totals</u>	
<u>Budget</u>	<u>Actual</u>
\$ 1,473,400	\$ 1,590,800
184,000	587,594
-	15,396
25,000	25,000
<u>1,682,400</u>	<u>2,218,790</u>
1,077,160	1,093,862
31,310	77,743
35,400	32,072
1,070,000	948,876
112,425	110,321
41,115	36,708
77,630	47,817
18,775	18,204
22,000	19,102
13,520	9,269
20,615	7,228
<u>2,519,950</u>	<u>2,401,202</u>
(837,550)	(182,412)
-	79,100
<u>(837,550)</u>	<u>(103,312)</u>
<u>26,067,582</u>	<u>26,067,582</u>
\$ <u>25,230,032</u>	\$ <u>25,964,270</u>

LINCOLN CHARTER TOWNSHIP

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

Year ended March 31, 2008

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (413,530)	\$ 231,118	\$ (182,412)
Adjustments to reconcile net income (loss) to net cash provided from operating activities:			
Depreciation	709,737	239,139	948,876
Changes in assets and liabilities:			
Decrease in taxes receivable	4,782	-	4,782
Decrease in special assessments receivable	-	14,955	14,955
Increase in accrued interest receivable	-	253	253
Decrease (increase) in accounts payable	(738)	473	(265)
	<u>300,251</u>	<u>485,938</u>	<u>786,189</u>
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Purchases of fixed assets	(62,322)	(30,300)	(92,622)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Contributed Capital	<u>48,800</u>	<u>30,300</u>	<u>79,100</u>
INCREASE IN CASH AND CASH EQUIVALENTS	286,729	485,938	772,667
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,093,563</u>	<u>6,963,637</u>	<u>11,057,200</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 4,380,292</u></u>	<u><u>\$ 7,449,575</u></u>	<u><u>\$ 11,829,867</u></u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

FIDUCIARY FUNDS

STATEMENT OF NET ASSETS

March 31, 2008

	Trust and Agency <u>Fund</u>	Tax Collection <u>Fund</u>	Delinquent Trust and Agency <u>Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>783</u>	\$ <u>-</u>	\$ <u>8,058</u>	\$ <u>8,841</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 131	\$ -	\$ 1,418	\$ 1,549
Due to other governments	<u>652</u>	<u>-</u>	<u>6,640</u>	<u>7,292</u>
	\$ <u>783</u>	\$ <u>-</u>	\$ <u>8,058</u>	\$ <u>8,841</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

FIDUCIARY FUNDS

COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES

Year ended March 31, 2008

TRUST AND AGENCY FUND

	Balance March 31, 2007	Additions	Deductions	Balance March 31, 2008
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,311	\$ 805,096	\$ 805,624	\$ 783
<u>LIABILITIES</u>				
Due to other funds	\$ 219	\$ 102,024	\$ 102,112	\$ 131
Due to other governments	1,092	81,290	81,730	652
Payroll and employee benefits	-	621,782	621,782	-
	\$ 1,311	\$ 805,096	\$ 805,624	\$ 783

TAX COLLECTION FUND

	Balance March 31, 2007	Additions	Deductions	Balance March 31, 2008
<u>ASSETS</u>				
Cash and cash equivalents	\$ 23,817	\$ 17,776,900	\$ 17,800,717	\$ -
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 100,249	\$ 100,249	\$ -
Due to other funds	16,867	2,213,221	2,230,088	-
Due to other governments	6,950	15,463,430	15,470,380	-
	\$ 23,817	\$ 17,776,900	\$ 17,800,717	\$ -

DELINQUENT TRUST AND AGENCY

	Balance March 31, 2007	Additions	Deductions	Balance March 31, 2008
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 66,462	\$ 58,404	\$ 8,058
<u>LIABILITIES</u>				
Due to other funds	\$ -	\$ 23,589	\$ 22,171	\$ 1,418
Due to other governments	-	42,873	36,233	6,640
	\$ -	\$ 66,462	\$ 58,404	\$ 8,058

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

FIDUCIARY FUNDS

COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES - CONCLUDED

Year ended March 31, 2008

TOTALS - FIDUCIARY FUNDS

	Balance March 31, <u>2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance March 31, <u>2008</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>25,128</u>	\$ <u>18,648,458</u>	\$ <u>18,664,745</u>	\$ <u>8,841</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 100,249	\$ 100,249	\$ -
Due to other funds	17,086	2,338,834	2,354,371	1,549
Due to other governments	8,042	15,587,593	15,588,343	7,292
Payroll and employee benefits	-	621,782	621,782	-
	\$ <u>25,128</u>	\$ <u>18,648,458</u>	\$ <u>18,664,745</u>	\$ <u>8,841</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FUND FINANCIAL STATEMENT PRESENTATION:

The accounting policies of Lincoln Charter Township ("Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. A summary of the significant policies adopted by the Township are as follows:

REPORTING ENTITY:

The Township is a municipal corporation governed by an elected Supervisor and a six-member board. As required by generally accepted accounting principles, these financial statements present Lincoln Charter Township as the primary government. The Tax Collection Fund and the Trust & Agency Fund are included in this report due to the fiduciary responsibility that the Township exercises over these respective funds.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Township's government wide activities consist of both governmental activities and business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

LINCOLN CHARTER TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS-CONTINUED

Year ended March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FUND FINANCIAL STATEMENT PRESENTATION:

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Based Statements - Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The Township reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the Township and accounts for all revenues and expenditures of the Township not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Additionally, the Township reports the following fund types:

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Township maintains full control of these funds.

LINCOLN CHARTER TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS-CONTINUED

Year ended March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FUND FINANCIAL STATEMENT PRESENTATION - CONCLUDED:

Capital Projects Funds - The Capital Projects Funds are used to account for the accumulation of resources appropriated for capital outlay expenditures.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Proprietary Fund Type - The Proprietary Funds account for Township operations that are financed and operated in a manner similar to private business enterprise, where the intent of the Township board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Type - The Fiduciary Fund is used to account for assets held by the Township in a trustee capacity or as an agent. Fiduciary Fund net assets and results of operations are not included in the Government-Wide financial statements. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Township presently maintains a Tax Collection Fund and a Trust & Agency Fund.

BUDGETS AND BUDGETARY ACCOUNTING:

The Township Board follows the following procedures in establishing the budgetary data reflected in the basic financial statements:

1. Prior to March 31, proposed operating budgets by fund are submitted to the Township Board for the fiscal year commencing April 1.
2. A public hearing is conducted to obtain taxpayer comments.
3. The operating budgets are legally enacted through passage of a board resolution.
4. Any budget revisions must be approved by the Township Board.
5. Budgets are adopted for the respective fund types using the basis of accounting described above.

COMPENSATING ABSENCES:

The Township's personnel policies do not permit the accumulation and carryforward of vacation and sick days. Accordingly, no accrual has been recorded by the Township at March 31, 2008 for compensated absences, since such amounts are not material.

LINCOLN CHARTER TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS-CONTINUED

Year ended March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are recorded at cost and include cash investments with original maturities of three months or less.

INVESTMENTS:

Investments are recorded at cost which approximates market value:

The types of investments authorized by resolution of the Board are as follows:

Bonds, securities and other obligations of the United States, or an agency of the United States, the principal and interest of which are fully guaranteed by the United States.

Certificates of deposit, savings accounts, deposits accounts or depository receipts of banks, savings and loan associations, or credit unions which are insured and which meet all criteria as a depository of public funds.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and maturing no more than 270 days after date of purchase.

United States government or federal agency obligation repurchase agreements.

Bankers' acceptances of United States banks.

Investment pools organized under the surplus funds investment pool act, 1982, PA 367, 129.111 to 129.118.

Mutual funds registered under the investment company act of 1940, title I of chapter 686.

LINCOLN CHARTER TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS-CONTINUED

Year ended March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED:

ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TAX INFORMATION:

The Township property tax is levied each December 1, based on the state taxable valuation of property located in the Township as of the preceding December 31.

The Township's policy is to recognize revenues from the current tax levy in the year of levy.

The 2007 state taxable value of Lincoln Charter Township amounted to approximately \$577,900,000 on which ad valorem taxes levied for Township operating purposes consisted of .78620 mills or approximately \$451,000. Additionally, taxes levied for police operations consisted of 1.97390 mills or approximately \$1,134,000 and debt retirement consisted of .780 mills or approximately \$404,000.

CAPITAL ASSETS:

Capital assets, which include land, buildings, equipment, and vehicles are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized.

Buildings, equipment, and vehicles are depreciated using the straight-line method of depreciation over the following useful lives:

Land improvements	20 years
Buildings	40 years
Building improvements	10-20 years
Vehicles	3-10 years
Equipment	3-10 years

LINCOLN CHARTER TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS-CONTINUED

Year ended March 31, 2008

NOTE B - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consisted of the following at March 31, 2008:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Deposits in financial institutions	\$ 3,952,353	\$ 11,829,867	\$ 8,841	\$ 15,791,061
Petty cash	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
	<u>\$ 3,952,853</u>	<u>\$ 11,829,867</u>	<u>\$ 8,841</u>	<u>\$ 15,791,561</u>

The above deposits in financial institutions of \$15,791,061 were reflected in the accounts of the Township's financial institutions (without recognition of checks written but not yet cleared, or of deposits in transit) at \$15,931,684. Of this amount, approximately \$305,093 was covered by federal depository insurance coverage and \$15,626,591 was uninsured and uncollateralized.

NOTE C - EMPLOYEE BENEFIT PLAN:

The Township has a contributory pension plan covering substantially all employees. The plan is administered by Burnham & Flower Agency, Inc. Contributions are accrued and funded on a current basis. Employee rights are vested at the time of contribution. Employer pension expenditures amounted to \$150,729 for the year ended March 31, 2008.

NOTE D - SEGMENT INFORMATION - PROPRIETARY FUNDS:

The Township maintains two Proprietary Funds which are intended to be self-supporting through user fee charges for services to the general public. Financial segment information as of and for the year ended March 31, 2008 is presented below:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating revenue	\$ 1,350,926	\$ 867,864	\$ 2,218,790
Depreciation expense	709,737	239,139	948,876
Net income (loss)	(413,530)	231,118	(182,412)
Fixed asset additions	62,322	30,300	92,622
Net working capital	4,378,059	7,490,089	11,868,148
Total assets	14,227,507	11,741,141	25,968,648
Total net assets	14,225,101	11,739,169	25,964,270

LINCOLN CHARTER TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS-CONCLUDED

Year ended March 31, 2008

NOTE E - CAPITAL ASSETS:

Capital asset activity of the Township's Governmental activities for the year ended March 31, 2008 was as follows:

	Balance March 31, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance March 31, <u>2008</u>
Assets not being depreciated:				
Land	\$ 783,458	\$ -	\$ -	\$ 783,458
Capital assets being depreciated:				
Land improvements	1,388,341	27,665	-	1,416,006
Buildings	2,696,969	-	-	2,696,969
Building improvements	118,190	-	-	118,190
Vehicles	1,460,438	108,379	45,579	1,523,238
Equipment	665,763	65,494	-	731,257
	<u>6,329,701</u>	<u>201,538</u>	<u>45,579</u>	<u>6,485,660</u>
Accumulated depreciation:				
Land improvements	777,876	55,245	-	833,121
Buildings	913,052	70,379	-	983,431
Equipment	43,729	5,520	-	49,249
Vehicles	758,966	163,686	41,878	880,774
Equipment	387,223	69,062	-	456,285
	<u>2,880,846</u>	<u>363,892</u>	<u>41,878</u>	<u>3,202,860</u>
Net capital assets being depreciated	<u>3,448,855</u>	<u>(162,354)</u>	<u>3,701</u>	<u>3,282,800</u>
Net capital assets	<u>\$ 4,232,313</u>	<u>\$ (162,354)</u>	<u>\$ 3,701</u>	<u>\$ 4,066,258</u>

LINCOLN CHARTER TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS-CONTINUED

Year ended March 31, 2008

NOTE F - GENERAL LONG-TERM DEBT:

General long-term debt consisted of the following at March 31, 2008:

2.78% municipal purchase contract payable to Chase Equipment Leasing, Inc., payable in annual installments of \$19,944 including interest, final payment due May, 2009	\$ 58,205
2.4% - 3.2% municipal purchase contract payable to Horizon Bank, payable in annual installments of \$30,000 plus interest, final payment due November, 2008	30,000
3.38% municipal purchase contract payable to Fifth Third Bank, payable in annual installments of \$38,000 plus interest, final payment due May, 2013	190,000
4.8% - 5.3% Unlimited Tax General Obligation Fire Station Bonds, with annual principal payments of \$75,000 to \$150,000 and semi-annual interest payments, final maturity May, 2012	600,000
4.0% - 4.3% Unlimited Tax General Obligation Library Bonds, with annual principal payments of \$125,000 to \$325,000 and semi-annual interest payments, final maturity May, 2014	<u>1,750,000</u>
	<u>\$ 2,628,205</u>

The principal reductions of general long-term debt for each of the next five years ending March 31, are as follows:

2009	\$ 368,535
2010	357,670
2011	388,000
2012	413,000
2013	438,000
Thereafter	<u>663,000</u>
	<u>\$ 2,628,205</u>

The following is a summary of the changes in general long-term debt for the year ended March 31, 2008:

	Balance March 31, <u>2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance March 31, <u>2008</u>
Bonds payable	\$ 2,625,000	\$ -	\$ 275,000	\$ 2,350,000
Notes payable	<u>155,691</u>	<u>190,000</u>	<u>67,486</u>	<u>278,205</u>
	<u>\$ 2,780,691</u>	<u>\$ 190,000</u>	<u>\$ 342,486</u>	<u>\$ 2,628,205</u>

LINCOLN CHARTER TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS-CONTINUED

Year ended March 31, 2008

NOTE G - CONTINGENCIES:

On April 27, 2007, the Lake Michigan Water and Sewer Treatment Authority sold \$6,270,000 in bonds. Lincoln Charter Township along with St. Joseph Charter Township and Royalton Township have guaranteed the principal and interest payments over the 25 year life of the bonds. The repayment percentages for each municipality are calculated annually based on water usage. Lincoln Charter Township's percentage for the year ended March 31, 2008 was 56.50%.

NOTE H - SUBSEQUENT EVENTS:

On June 26, 2008, the State of Michigan Court of Appeals, reversed the ruling issued by the circuit court that validated a local election at which the qualified electors of Lincoln Charter Township voted to dissolve the township park commission. On July 10, 2008 the Lincoln Township Board voted to appeal this decision.

REQUIRED SUPPLEMENTAL INFORMATION

LINCOLN CHARTER TOWNSHIP

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Year ended March 31, 2008

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ 454,500	\$ 454,500	\$ 452,710	\$ (1,790)
Administration fees	170,000	170,000	178,034	8,034
Other taxes	4,860	4,860	27,763	22,903
Licenses and permits	1,000	1,000	3,256	2,256
State sources	815,000	916,000	916,673	673
Cable franchise	120,000	120,000	128,902	8,902
Interest income	80,000	80,000	103,591	23,591
Charges for services	1,975	1,975	8,542	6,567
Miscellaneous	33,305	45,605	45,481	(124)
Grants	-	34,320	34,318	(2)
Operating transfers-in	6,000	6,000	6,608	608
	<u>1,686,640</u>	<u>1,834,260</u>	<u>1,905,878</u>	<u>71,618</u>
EXPENDITURES:				
General government	943,350	993,045	910,888	82,157
Public safety	223,295	259,420	254,536	4,884
Highways and streets	108,250	123,250	112,040	11,210
Sanitation and health	80,225	80,225	80,224	1
Operating transfers-out	379,295	379,295	351,295	28,000
TOTAL EXPENDITURES	<u>1,734,415</u>	<u>1,835,235</u>	<u>1,708,983</u>	<u>126,252</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(47,775)	(975)	196,895	197,870
FUND BALANCE, BEGINNING OF YEAR	<u>1,118,969</u>	<u>1,118,969</u>	<u>1,118,969</u>	<u>-</u>
FUND BALANCE, END OF YEAR	\$ <u>1,071,194</u>	\$ <u>1,117,994</u>	\$ <u>1,315,864</u>	\$ <u>197,870</u>

See accompanying notes to basic financial statements.

OTHER SUPPLEMENTAL INFORMATION

LINCOLN CHARTER TOWNSHIP
COMBINED BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS

March 31, 2008

<u>ASSETS</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Cash and cash equivalents	\$ 1,549,536	\$ 583,548	\$ 587,985	\$ 2,721,069
Taxes receivable	49,531	18,548	27,870	95,949
Accounts receivable and other	652	-	-	652
Due from other funds	-	-	27,874	27,874
TOTAL ASSETS	\$ 1,599,719	\$ 602,096	\$ 643,729	\$ 2,845,544
 <u>LIABILITIES AND FUND EQUITY</u>				
Accounts payable	\$ 13,307	\$ -	\$ 2,240	\$ 15,547
Due to other funds	-	-	27,874	27,874
Deferred revenue	-	-	27,360	27,360
TOTAL LIABILITIES	13,307	-	57,474	70,781
TOTAL FUND EQUITY	1,586,412	602,096	586,255	2,774,763
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,599,719	\$ 602,096	\$ 643,729	\$ 2,845,544

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

**COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL
NONMAJOR GOVERNMENTAL FUNDS**

Year ended March 31, 2008

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
REVENUES:				
Property and other taxes	\$ 1,140,011	\$ 409,838	\$ -	\$ 1,549,849
Licenses and permits	260,348	-	-	260,348
State sources	3,123	-	-	3,123
Assessments	-	-	5,762	5,762
Interest	44,011	10,826	19,913	74,750
Charges for service	91,224	-	-	91,224
Lot sales	28,350	-	-	28,350
Donations	535	-	7,800	8,335
Miscellaneous	29,745	-	18,417	48,162
	<u>1,597,347</u>	<u>420,664</u>	<u>51,892</u>	<u>2,069,903</u>
EXPENDITURES:				
General government	309,676	-	-	309,676
Public safety	1,120,983	-	-	1,120,983
Highways and streets	38,339	-	-	38,339
Sanitation and health	66,168	-	-	66,168
Recreation	120,014	-	-	120,014
Capital projects	-	-	335,201	335,201
Debt service	-	386,825	-	386,825
	<u>1,655,180</u>	<u>386,825</u>	<u>335,201</u>	<u>2,377,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(57,833)</u>	<u>33,839</u>	<u>(283,309)</u>	<u>(307,303)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from borrowing	-	-	190,000	190,000
Operating transfers in	158,295	-	193,000	351,295
Operating transfers out	(6,608)	-	-	(6,608)
	<u>151,687</u>	<u>-</u>	<u>383,000</u>	<u>534,687</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>93,854</u>	<u>33,839</u>	<u>99,691</u>	<u>227,384</u>
FUND BALANCES, BEGINNING OF YEAR	<u>1,492,558</u>	<u>568,257</u>	<u>486,564</u>	<u>2,547,379</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,586,412</u>	<u>\$ 602,096</u>	<u>\$ 586,255</u>	<u>\$ 2,774,763</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEETS

March 31, 2008

	<u>Parks</u>	<u>Cemetery</u>	<u>Police</u>	<u>Street Lighting</u>	<u>Building</u>	<u>Total</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 51,008	\$ 113,720	\$ 1,242,593	\$ 77,839	\$ 64,376	\$ 1,549,536
Taxes receivable	-	-	48,523	1,008	-	49,531
Accounts receivable	-	-	652	-	-	652
TOTAL ASSETS	\$ <u>51,008</u>	\$ <u>113,720</u>	\$ <u>1,291,768</u>	\$ <u>78,847</u>	\$ <u>64,376</u>	\$ <u>1,599,719</u>
<u>LIABILITIES AND FUND EQUITY</u>						
LIABILITIES:						
Accounts payable	\$ <u>3,137</u>	\$ <u>193</u>	\$ <u>4,166</u>	\$ <u>-</u>	\$ <u>5,811</u>	\$ <u>13,307</u>
FUND EQUITY						
Fund Balances	<u>47,871</u>	<u>113,527</u>	<u>1,287,602</u>	<u>78,847</u>	<u>58,565</u>	<u>1,586,412</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>51,008</u>	\$ <u>113,720</u>	\$ <u>1,291,768</u>	\$ <u>78,847</u>	\$ <u>64,376</u>	\$ <u>1,599,719</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

SPECIAL REVENUE FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

Year ended March 31, 2008

	<u>Parks</u>		<u>Cemetery</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES:				
Property and other taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
State sources	-	-	-	-
Interest	500	803	1,000	4,651
Charges for service	1,350	2,610	18,000	20,450
Lot sales	-	-	20,000	28,350
Donations	-	535	-	-
Miscellaneous	-	1,731	-	-
TOTAL REVENUES	<u>1,850</u>	<u>5,679</u>	<u>39,000</u>	<u>53,451</u>
EXPENDITURES:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Sanitation and health	-	-	85,710	66,168
Recreation	158,145	120,014	-	-
TOTAL EXPENDITURES	<u>158,145</u>	<u>120,014</u>	<u>85,710</u>	<u>66,168</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(156,295)</u>	<u>(114,335)</u>	<u>(46,710)</u>	<u>(12,717)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	156,295	128,295	30,000	30,000
Operating transfers out	-	-	-	-
	<u>156,295</u>	<u>128,295</u>	<u>30,000</u>	<u>30,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	13,960	(16,710)	17,283
FUND BALANCES, BEGINNING OF YEAR	<u>33,911</u>	<u>33,911</u>	<u>96,244</u>	<u>96,244</u>
FUND BALANCES, END OF YEAR	\$ <u>33,911</u>	\$ <u>47,871</u>	\$ <u>79,534</u>	\$ <u>113,527</u>

See accompanying notes to basic financial statements.

<u>Police</u>		<u>Street Lighting</u>		<u>Building</u>		<u>Totals</u>	
<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
\$ 1,141,000	\$ 1,140,011	\$ -	\$ -	\$ -	\$ -	\$ 1,141,000	\$ 1,140,011
5,000	3,764	-	-	320,000	256,584	325,000	260,348
-	3,123	-	-	-	-	-	3,123
9,000	31,051	500	4,215	1,000	3,291	12,000	44,011
4,200	5,590	38,000	41,889	-	20,685	61,550	91,224
-	-	-	-	-	-	20,000	28,350
-	-	-	-	-	-	-	535
17,200	16,014	-	-	-	12,000	17,200	29,745
<u>1,176,400</u>	<u>1,199,553</u>	<u>38,500</u>	<u>46,104</u>	<u>321,000</u>	<u>292,560</u>	<u>1,576,750</u>	<u>1,597,347</u>
-	-	-	-	329,880	309,676	329,880	309,676
1,146,580	1,120,983	-	-	-	-	1,146,580	1,120,983
-	-	38,500	38,339	-	-	38,500	38,339
-	-	-	-	-	-	85,710	66,168
-	-	-	-	-	-	158,145	120,014
<u>1,146,580</u>	<u>1,120,983</u>	<u>38,500</u>	<u>38,339</u>	<u>329,880</u>	<u>309,676</u>	<u>1,758,815</u>	<u>1,655,180</u>
<u>29,820</u>	<u>78,570</u>	<u>-</u>	<u>7,765</u>	<u>(8,880)</u>	<u>(17,116)</u>	<u>(182,065)</u>	<u>(57,833)</u>
-	-	-	-	-	-	186,295	158,295
-	-	-	-	(6,000)	(6,608)	(6,000)	(6,608)
-	-	-	-	(6,000)	(6,608)	180,295	151,687
29,820	78,570	-	7,765	(14,880)	(23,724)	(1,770)	93,854
<u>1,209,032</u>	<u>1,209,032</u>	<u>71,082</u>	<u>71,082</u>	<u>82,289</u>	<u>82,289</u>	<u>1,492,558</u>	<u>1,492,558</u>
\$ <u>1,238,852</u>	\$ <u>1,287,602</u>	\$ <u>71,082</u>	\$ <u>78,847</u>	\$ <u>67,409</u>	\$ <u>58,565</u>	\$ <u>1,490,788</u>	\$ <u>1,586,412</u>

LINCOLN CHARTER TOWNSHIP

DEBT SERVICE FUNDS

COMBINING BALANCE SHEETS

March 31, 2008

	<u>Fire Station</u>	<u>Library Bond</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 192,486	\$ 391,062	\$ 583,548
Taxes receivable	<u>6,342</u>	<u>12,206</u>	<u>18,548</u>
	<u>198,828</u>	<u>403,268</u>	<u>602,096</u>
<u>FUND EQUITY</u>			
FUND EQUITY			
Fund Balances	\$ <u>198,828</u>	\$ <u>403,268</u>	\$ <u>602,096</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

DEBT SERVICE FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

Year ended March 31, 2008

	<u>Fire Station</u>	<u>Library Bond</u>	<u>Total</u>
REVENUES:			
Tax sources	\$ 134,636	\$ 275,202	\$ 409,838
Interest	<u>3,915</u>	<u>6,911</u>	<u>10,826</u>
TOTAL REVENUES	<u>138,551</u>	<u>282,113</u>	<u>420,664</u>
EXPENDITURES:			
Bond principal payments	100,000	175,000	275,000
Interest	33,275	77,900	111,175
Other	<u>350</u>	<u>300</u>	<u>650</u>
TOTAL EXPENDITURES	<u>133,625</u>	<u>253,200</u>	<u>386,825</u>
EXCESS OF REVENUES OVER EXPENDITURES	4,926	28,913	33,839
FUND BALANCES, BEGINNING OF YEAR	<u>193,902</u>	<u>374,355</u>	<u>568,257</u>
FUND BALANCES, END OF YEAR	\$ <u>198,828</u>	\$ <u>403,268</u>	\$ <u>602,096</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEETS

March 31, 2008

	<u>Parks Capital Improve.</u>	<u>Township Improve.</u>	<u>Police Capital Improve.</u>	<u>Glenlord Special Assess.</u>	<u>DeFay Rd. Special Assess.</u>	<u>Total</u>
<u>ASSETS</u>						
Cash and equivalents	\$ 83,820	\$ 489,683	\$ 14,478	\$ 4	\$ -	\$ 587,985
Special assessment rec.	-	-	-	914	26,956	27,870
Due from other funds	-	27,874	-	-	-	27,874
	<u>\$ 83,820</u>	<u>\$ 517,557</u>	<u>\$ 14,478</u>	<u>\$ 918</u>	<u>\$ 26,956</u>	<u>\$ 643,729</u>
<u>LIABILITIES AND FUND EQUITY</u>						
LIABILITIES:						
Accounts payable	\$ 2,240	\$ -	\$ -	\$ -	\$ -	\$ 2,240
Due to other funds	-	-	-	918	26,956	27,874
Deferred revenue	-	-	-	843	26,517	27,360
	2,240	-	-	1,761	53,473	57,474
FUND EQUITY:						
Fund balances	<u>81,580</u>	<u>517,557</u>	<u>14,478</u>	<u>(843)</u>	<u>(26,517)</u>	<u>586,255</u>
	<u>\$ 83,820</u>	<u>\$ 517,557</u>	<u>\$ 14,478</u>	<u>\$ 918</u>	<u>\$ 26,956</u>	<u>\$ 643,729</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

CAPITAL PROJECTS FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

Year ended March 31, 2008

	<u>Parks Capital Improvement</u>		<u>Township Improvement</u>		<u>Police Capital Improvement</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES:						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	37,000	7,800	-	-	-	-
Interest	500	1,944	-	17,322	25	647
Miscellaneous	13,150	18,417	-	-	-	-
TOTAL REVENUES	50,650	28,161	-	17,322	25	647
EXPENDITURES:						
Capital projects	164,100	80,886	270,800	211,446	43,000	42,869
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(113,450)	(52,725)	(270,800)	(194,124)	(42,975)	(42,222)
OTHER FINANCING SOURCES (USES):						
Proceeds from borrowing	-	-	190,000	190,000	-	-
Operating transfers in	70,000	70,000	100,000	100,000	23,000	23,000
Operating transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	70,000	70,000	290,000	290,000	23,000	23,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(43,450)	17,275	19,200	95,876	(19,975)	(19,222)
FUND BALANCES, BEGINNING	64,305	64,305	421,681	421,681	33,700	33,700
FUND BALANCES, ENDING	\$ 20,855	\$ 81,580	\$ 440,881	\$ 517,557	\$ 13,725	\$ 14,478

See accompanying notes to basic financial statements.

<u>Glenlord Sidewalk Special Assessment</u>		<u>DeFay Road Special Assessment</u>		<u>Totals</u>	
<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
\$ -	\$ 843	\$ -	\$ 4,919	\$ -	\$ 5,762
-	-	-	-	37,000	7,800
-	-	-	-	525	19,913
-	-	-	-	13,150	18,417
-	843	-	4,919	50,675	51,892
-	-	-	-	477,900	335,201
-	843	-	4,919	(427,225)	(283,309)
-	-	-	-	190,000	190,000
-	-	-	-	193,000	193,000
-	-	-	-	-	-
-	-	-	-	383,000	383,000
-	843	-	4,919	(44,225)	99,691
(1,686)	(1,686)	(31,436)	(31,436)	486,564	486,564
\$ (1,686)	\$ (843)	\$ (31,436)	\$ (26,517)	\$ 442,339	\$ 586,255

LINCOLN CHARTER TOWNSHIP

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

Year ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
GENERAL GOVERNMENT:			
Township trustees:			
Wages	\$ 17,315	\$ 17,312	\$ (3)
Employee benefits	8,545	7,892	(653)
	<u>25,860</u>	<u>25,204</u>	<u>(656)</u>
Supervisor:			
Wages	46,130	44,817	(1,313)
Employee benefits	10,535	10,392	(143)
Supplies and postage	600	387	(213)
Contractual services	300	309	9
Legal and professional	-	377	377
Telephone	360	335	(25)
Vehicle and mileage	1,350	996	(354)
Conferences and workshops	2,000	1,951	(49)
Dues and subscriptions	200	190	(10)
Capital outlay	-	340	340
	<u>61,475</u>	<u>60,094</u>	<u>(1,381)</u>
Assessor:			
Wages	91,370	86,549	(4,821)
Employee benefits	45,275	45,150	(125)
Supplies and postage	10,300	12,638	2,338
Contractual services	3,950	10,191	6,241
Tax statement mailing	1,415	917	(498)
Vehicle and mileage	240	215	(25)
Legal and professional fees	9,310	9,666	356
Conferences and workshops	5,000	1,977	(3,023)
Dues and subscriptions	2,240	450	(1,790)
Capital outlay	1,300	1,246	(54)
Miscellaneous	600	964	364
	<u>171,000</u>	<u>169,963</u>	<u>(1,037)</u>
Clerk:			
Wages	68,065	66,805	(1,260)
Employee benefits	33,535	31,407	(2,128)
Supplies and postage	975	1,351	376
Contractual services	1,350	1,653	303
Vehicle and mileage	200	57	(143)
Conferences and workshops	2,300	1,536	(764)
Dues and subscriptions	300	265	(35)
Capital outlay	625	342	(283)
	<u>107,350</u>	<u>103,416</u>	<u>(3,934)</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - CONTINUED

Year ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
GENERAL GOVERNMENT - CONTINUED:			
Treasurer:			
Wages	\$ 40,330	\$ 41,131	\$ 801
Employee benefits	19,400	19,238	(162)
Computer service	21,700	13,943	(7,757)
Tax statement mailing	3,250	2,239	(1,011)
Legal and professional	1,100	(73)	(1,173)
Contractual services	425	1,177	752
Supplies and postage	8,250	7,120	(1,130)
Vehicle and mileage	650	1,237	587
Conferences and workshops	2,000	1,967	(33)
Dues and subscriptions	70	45	(25)
Telephone	-	270	270
Capital outlay	-	623	623
Miscellaneous	-	101	101
	<u>97,175</u>	<u>89,018</u>	<u>(8,157)</u>
Elections:			
Wages	20,950	23,359	2,409
Employee benefits	565	896	331
Contractual services	2,600	1,833	(767)
Supplies and postage	16,780	14,733	(2,047)
Vehicle and mileage	125	263	138
Printing and publishing	1,000	232	(768)
Conferences and workshops	250	-	(250)
Meals	930	910	(20)
Capital outlay	4,800	5,000	200
	<u>48,000</u>	<u>47,226</u>	<u>(774)</u>
Board of Review:			
Wages	1,000	350	(650)
Employee benefits	80	27	(53)
Printing and publishing	500	245	(255)
Conferences and workshops	-	129	129
	<u>1,580</u>	<u>751</u>	<u>(829)</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - CONTINUED

Year ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
GENERAL GOVERNMENT - CONCLUDED:			
General and Administrative:			
Wages	\$ 59,700	\$ 49,576	\$ (10,124)
Employee benefits	21,315	20,331	(984)
Supplies and postage	10,240	7,875	(2,365)
Contractual services	22,650	25,112	2,462
Repairs and maintenance	985	748	(237)
Conferences and workshops	1,850	813	(1,037)
Legal and professional fees	76,470	62,188	(14,282)
Insurance	36,725	35,652	(1,073)
Community promotions	24,400	22,298	(2,102)
Telephone	7,920	4,943	(2,977)
Printing and publishing	28,500	10,225	(18,275)
Dues and subscriptions	4,525	4,522	(3)
Capital outlay	2,500	997	(1,503)
Miscellaneous	825	202	(623)
	<u>298,605</u>	<u>245,482</u>	<u>(53,123)</u>
Township Maintenance:			
Wages	35,290	33,983	(1,307)
Employee benefits	17,455	13,458	(3,997)
Operating supplies	3,895	4,701	806
Contractual services	515	429	(86)
Vehicle and mileage	5,970	2,375	(3,595)
Utilities	7,775	5,686	(2,089)
Repairs and maintenance	22,760	18,132	(4,628)
Telephone	180	444	264
Capital outlay	2,835	10,437	7,602
Miscellaneous	325	310	(15)
	<u>97,000</u>	<u>89,955</u>	<u>(7,045)</u>
Planning and Zoning:			
Wages	11,190	4,705	(6,485)
Employee benefits	855	358	(497)
Office supplies and postage	650	333	(317)
Contractual services	20,600	20,718	118
Legal fees	48,805	51,663	2,858
Printing and publishing	2,000	1,182	(818)
Conferences and workshops	-	470	470
Capital outlay	500	-	(500)
Miscellaneous	400	350	(50)
	<u>85,000</u>	<u>79,779</u>	<u>(5,221)</u>
TOTAL GENERAL GOVERNMENT	<u>993,045</u>	<u>910,888</u>	<u>(82,157)</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - CONCLUDED

Year ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
PUBLIC SAFETY:			
Fire Department:			
Wages	\$ 90,740	\$ 91,093	\$ 353
Employee benefits	11,950	12,535	585
Operating supplies	23,250	25,737	2,487
Contractual services	3,500	3,767	267
Insurance	24,900	24,409	(491)
Dues and subscriptions	300	90	(210)
Telephone	3,200	2,461	(739)
Repairs and maintenance	24,660	14,268	(10,392)
Conferences and workshops	5,000	1369	(3,631)
Legal and professional fees	1,000	4196	3,196
Training and instruction	3,000	835	(2,165)
Utilities	10,195	10,319	124
Office supplies and postage	4,020	2,596	(1,424)
Vehicle and mileage	4,000	4,123	123
Radio maintenance fees	-	1,030	1,030
Grant expenditures	28,760	31,670	2,910
Capital outlay	20,765	24,034	3,269
Miscellaneous	180	4	(176)
TOTAL PUBLIC SAFETY	<u>259,420</u>	<u>254,536</u>	<u>(4,884)</u>
HIGHWAYS AND STREETS:			
Drains	53,000	52,823	(177)
Roads and bridges	28,250	16,144	(12,106)
Street lighting	42,000	43,073	1,073
TOTAL HIGHWAYS AND STREETS	<u>123,250</u>	<u>112,040</u>	<u>(11,210)</u>
SANITATION AND HEALTH:			
Ambulance subsidy	80,225	80,224	(1)
TOTAL EXPENDITURES	\$ <u>1,455,940</u>	\$ <u>1,357,688</u>	\$ <u>(98,252)</u>

See accompanying notes to basic financial statements.

LINCOLN CHARTER TOWNSHIP
LONG-TERM DEBT - 1997 UNLIMITED TAX GENERAL
OBLIGATION FIRE STATION BONDS
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS

March 31, 2008

Year Ending March 31,	<u>Principal</u> <u>May 1</u>	<u>Interest Requirements</u>		<u>Total</u> <u>Interest</u>	<u>Total</u> <u>Requirements</u>
		<u>May 1</u>	<u>November 1</u>		
2009	\$ 100,000	\$ 15,412	\$ 12,913	\$ 28,325	\$ 128,325
2010	100,000	12,913	10,413	23,326	123,326
2011	125,000	10,413	7,225	17,638	142,638
2012	125,000	7,225	3,975	11,200	136,200
2013	<u>150,000</u>	<u>3,975</u>	<u>-</u>	<u>3,975</u>	<u>153,975</u>
	\$ <u>600,000</u>	\$ <u>49,938</u>	\$ <u>34,526</u>	\$ <u>84,464</u>	\$ <u>684,464</u>

LINCOLN CHARTER TOWNSHIP

LONG-TERM DEBT - 1999 UNLIMITED TAX GENERAL

OBLIGATION LIBRARY BONDS

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS

March 31, 2008

Year Ending March 31,	<u>Principal</u> <u>May 1</u>	<u>Interest Requirements</u> <u>May 1</u>	<u>November 1</u>	<u>Total</u> <u>Interest</u>	<u>Total</u> <u>Requirements</u>
2009	\$ 200,000	\$ 37,156	\$ 33,006	\$ 70,162	\$ 270,162
2010	200,000	33,006	28,806	61,812	261,812
2011	225,000	28,806	23,969	52,775	277,775
2012	250,000	23,969	18,594	42,563	292,563
2013	250,000	18,594	13,281	31,875	281,875
2014	300,000	13,281	6,906	20,187	320,187
2015	325,000	6,906	-	6,906	331,906
	<u>\$ 1,750,000</u>	<u>\$ 161,718</u>	<u>\$ 124,562</u>	<u>\$ 286,280</u>	<u>\$ 2,036,280</u>



July 10, 2008

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Members of the Township Board
Lincoln Charter Township
Stevensville, Michigan**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Lincoln Charter Township as of and for the year ended March 31, 2008, and have issued our report thereon dated July 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lincoln Charter Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln Charter Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lincoln Charter Township's internal control over financial reporting. Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Lincoln Charter Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Lincoln Charter Township's financial statements that is more than inconsequential will not be prevented or detected by Lincoln Charter Township's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

Preparation of Financial Statements in Accordance with GAAP

Criteria:

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e. maintaining internal books and records), and (2) reporting financial statements, including the related footnotes.

Condition:

As is the case with entities of similar size, the Township has historically relied on its independent external auditors to assist in the preparation of the financial statements and footnotes as part of its external financial reporting process. During our audit, there were adjustments (significant and non-significant) made to adjust the Township's ledger to the appropriate balances. These adjustments were determined by the Township's accounting department and our Firm. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based in part, on its reliance on its external auditors, who cannot by definition be considered a part of the Township's internal controls.

Cause:

This condition was caused by the Township's historical practice of outsourcing the preparation of its annual financial statements to the external auditors rather than to incur the time and the expense of obtaining the necessary training and expertise required for the Township to perform this task internally.

Effect:

As a result of this condition, the Township's internal accounting records were initially misstated. In addition, the Township lacks internal controls over the preparation of the annual financial statements in accordance with GAAP, and instead relies principally on its external auditors for assistance with this task.

View of Responsibility:

The Township will be charged with evaluating the costs vs. the benefits of establishing internal controls over the preparation of financial statements in accordance with GAAP, and will need to determine if it is in the best interests of the Township to continue to outsource the financial statement preparation to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Lincoln Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

Other Matters:

As a part of our audit, we noted certain matters that we reported to the Members of the Township Board in a separate letter dated July 10, 2008.

This report is intended solely for the information and use of the Members of the Township Board, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Scarpone & Co., P.C.